



STATE OF CALIFORNIA

## STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0092  
1-916-324-1825 • FAX 1-916-322-4530  
[www.boe.ca.gov](http://www.boe.ca.gov)

SEN. GEORGE RUNNER (Ret.)  
First District, Lancaster

FIONA MA, CPA  
Second District, San Francisco

JEROME E. HORTON  
Third District, Los Angeles County

DIANE L. HARKEY  
Fourth District, Orange County

BETTY T. YEE  
State Controller

CYNTHIA BRIDGES  
Executive Director

April 21, 2015

VIA INTERNET

Dear Interested Party:

The Audit Manual (AM) is a guide for the Board of Equalization (BOE) staff in administering tax and fee programs. It is available to the public and can be accessed from the BOE web page at <http://www.boe.ca.gov/sutax/staxmanuals.htm>.

The Sales and Use Tax Department (SUTD) is proposing to revise AM Chapter 6, *Vehicle, Vessel and Aircraft Dealers* to incorporate current audit policies and procedures. The revision material is provided on the following page for the convenience of interested parties who may wish to submit comments or suggestions. Please feel free to publish this information on your website or otherwise distribute it to your association/members.

If you have any comments or suggestions related to the proposed AM revision, you may contact the BOE at [AM.RevisionSuggestions@boe.ca.gov](mailto:AM.RevisionSuggestions@boe.ca.gov). Your comments or suggestions must be received by BOE no later than **June 23, 2015**, in order to be considered by staff. Thank you for your consideration.

Sincerely,

Susanne Buehler, Chief  
Tax Policy Division  
Sales and Use Tax Department

## U.S. GOVERNMENT SALES

0610.00

### U.S. Government Purchase Orders

0610.05

The accounting procedures of most instrumentalities of the Federal Government are such that purchase orders are mandatory. The seller is always given more than one copy of the purchase order and these copies are usually found in the customer folder. In the absence of the purchase order, correspondence is usually available which will give sufficient data to establish validity of the deduction.

### Disabled Veterans' Exemption

0610.10

Sales of vehicles to disabled veterans may qualify for partial tax exemption. Any amount paid toward the purchase price by the Veterans Administration directly to the seller may be excluded from the measure subject to tax, even though the vehicle is registered in the purchaser's name and all other documents reflect the disabled veteran as the purchaser. The amount paid by the disabled veteran is taxable.

The documentation furnished by the Veterans Administration parallels that of purchases by the U.S. Government. The seller should retain a Government Purchase Order or other documentation supporting direct payment to the seller by the United States. In addition, the selling dealer is required to show the Veterans Administration as the actual purchaser on the sales invoice to the extent that payment is made by the Veterans Administration. ~~The vehicle is registered in the purchaser's name and all other documents reflect the disabled veteran as the purchaser.~~

Verification of the validity of the deduction is readily made by examination of the customer folder.